

NAPA COMPENSATION  
QUESTIONNAIRE NOTES

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I. Compensation System:

What is compensation approach? (How organization manages and why)  
Delmarva has about 1600 employees in unions, and 1000 non union. 40% of the staff are in Data processing, Accounting, and Engineering.

The system is based on market pricing, and the ranges may move differentially with respect to each other. The grades for the non bargaining unit people are:

- 1 - 4 Non Exempts
- 5 - 12 Exempts
- 13 - 16 Managers
- General Managers
- Eight Sr. Officers above grade 16

New Engineers are hired in at grade 5 and it takes about 9-16 years to progress to grade 9 (the M.P. is ~ \$4,000/mo.). From here, there is Sr. Engineer @ grade 10 (M.P. ~\$5,300/mo.), Staff Engineer @ grade 11 (M.P. ~ \$5,700/mo.), and Sr. Consulting Engineer @ grade 12 (M.P. ~\$6,300/mo.). They have an internal posting system and a policy of promoting from within, but even so they hire about 60% experienced people. Recruiting is principally in the North East region.

In redesigning the system, they wanted a job evaluation system, integrated with the pay and recruitment systems.  
A. Hire at, above, or below market salary rates, recruitment bonuses used? Data Processing, Accounting and Engineering must be competitive with DuPont and IC. Delmarva brings in new BS's at 90 to 95% of midpoint (which equals market).

1. Entry vs. senior level hires.
- B. Geographic vs. national pay schedules and why. Recruit mostly in the North East.
- C. What are special compensation programs for supervisors and non-managerial staff?
- D. Pay adjustments--Based on market, profitability or ? They use market pricing as the basis of their salary system. But they also take employee relations issues and relationships of foremen to their subordinates as well. Their four principal surveys are a) Edison Electric Institute (conducted by ORC), b) American Compensation Association's annual Salary Budget Forecast survey, c) a survey by TPF&C, and d) a survey by Sibson & Co. As a general rule, the merit program is 1% more

than the overall range movement.

They complete a ranking based on expectations and standards discussed earlier in the year with every employee. This process leads to a summary statement of performance which is on a continuum, although there is no formal tie to salary, there is a general correlation.

The increase approval process is 1) the immediate supervisor evaluates the employee, & recommends an increase. 2) His/her manager compares the departments reporting to him/her re: level of increase, non-base increases, etc. and to the General Manager of Personnel who supports or recommends modification to the CEO.

1. Increase or Salary Management? Salary Management.
2. Frequency Eligibility is annual.

3. Merit increase distributions (common date or Anniversary? exceptions or mid-years) based on individual's performance. Now on a common date basis--ranges move Jan 1, merits on April 1. Don't have to bring people to the bottom of range on Jan 1; can wait until April 1.

4. Amount of increase tied to performance? Yes through a salary management process.

5. Can non-supervisory pay equal or exceed executive pay? (dual ladder-have it; your views) Don't have a dual ladder.

6. Lead, lead/lag or lag; market target at x % +/- market?

E. How important is uniformity of pay across different business lines and organizations?

1. Uniformity
2. Flexibility
3. Problems/Issues

F. Roughly what portion of total compensation is bonuses or other forms of at risk pay? For 1987, had 1.1% of their package as a non-base building component.

G. What is purpose of putting pay at risk? 1) Give added dollars to recently promoted bargaining unit people to keep them whole yet let their base pay move back to the midpoint. This non-base pay counts towards pension, overtime, and Life Insurance.  
2) To deal with performance spikes.

H. Who can make exception to your start salary rules? What can they change?

1. National office only? (What can they waive?)
2. Division VP?
3. Manager/Supervisor?

- I. Added Compensation for passing clearance (lifestyle restrictions--can't publish, etc.) Not an issue.
- J. Premium pay (overtime, hazardous duty pay) for professional employees?
  - 1. Do have it?
  - 2. Who is eligible and under what circumstances?
- K. What do you disclose about your pay system to employees?
  - 1. Classification descriptions? Yes.
  - 2. Rate ranges? Yes.
  - 3. Policies/procedures? Yes.
  - 4. Individual pay rates? No.
  - 5. Other?

## II. RECRUITING APPROACH

What do you sell to recruit staff?

New Graduates/Experienced:

- 1. Employee Orientation of Company
- 2. Location--Chesapeake
- 3. Internal Growth
- 4. Benefits.

Have a summer intern program for first and second summer in college. Have a chance to look at them. Also have a cross training program for the first ten years an engineer is at Delmarva.

- A. Salary
- B. Benefits including deferred compensation
- C. Career with firm
- D. Opportunity to work with latest technology
- E. Importance of projects, to?
- F. Profit sharing
- G. Perquisites (work environment)
- H. Ability to work with first class organization (yours)
  - a. best minds
  - b. at cutting edge, or?
  - c. ?
- I. New Grad training program?
- J. Any other thoughts/concepts?

## III. Special Recruiting-New PhD or experienced?

What would do to attract a world class talent (PhD in Mathematics, MIT - exception, not pipeline talent. Don't hire PhD's

A. Would you make exception to your normal classification /compensation rules?

B. If so, on what basis?

- 1. Work environment
- 2. How much flexibility to keep a hook in them?

3. Conflict of interest issues? Competition?

C. How do you pay top people?

1. Pros/Cons or problems in your system

#### IV. Workforce Concept

What kind of workforce concept are you operating under?

A. Lifetime career, no layoff?

B. Only for duration of project?

C. Hire cutting edge recruits from school; edge out with slow raises after a few years, or?

D. Fully experienced, proven talent from other organizations?

E. Government/Military as a source? Not much of a source

F. Revitalization of burned-out people? If so what, what conditions? Started a program, had a confidentiality problem and now trying a couple of different approaches.

#### V. Employee Mobility

Do you move your professional staff? What levels? (e.g. Management only? Technical? Yes, basically less senior people--average is three moves.

A. What problems, if any, are you having? Generally employees really want to move because it supports their career growth.

B. What solutions are you using that work best?

C. How do you keep transferees whole? Give them one month's salary advance bonus, pay realtor fees at both ends, etc.

1. Family

2. Spouse

3. Second wage earner Looking at second earner outplacement if needed

4. Schools counsel for special needs--schools etc.

5. Other

6. Additional services offered?

#### VI. General Support

Do you have:

A. Second career support - Outplacement activity/consultant?

Outplacement is used on an ad hoc basis for those they want to move out.

B. Do you rely on short term "borrowing" of staff from research organizations/universities. etc. (conditions 18-24 months; person goes back to prior job) - Conflict of interest, sabbatical issues?

C. Flexible Benefits (Upper mid-level to below Officer) No. Looking at FSA's for child care now.